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USDA AND PBS TEST FARM MARKET NEWS INFODATA BROADCASTS IN FIVE CITIES

WASHINGTON, Aug. 2—A one-year pilot program to deliver agricultural marketing information directly to farmers via a television captioning system was launched today in five cities by the Public Broadcasting Service and the U.S. Department of Agriculture.

PBS President Lawrence K. Grossman and John Ford, deputy assistant secretary of agriculture for marketing and inspection services, launched the program with a demonstration of the system in Washington, D.C.

The Farm Market Infodata Service will provide farmers, ranchers and other members of the agricultural community with up-to-the-minute price information and farm news from markets across the nation, Ford said.

Five public television stations are participating in the one-year pilot project—WEDU, Tampa, Fla.; KOZK, Springfield, Mo.; KFME, Fargo, N.D.; KRMA, Denver, Colo.; and KMTF, Fresno, Calif. Several other public television stations have indicated interest in participating in the project.

The pilot project stations will broadcast market news provided by USDA's Agricultural Marketing Service. Currently, USDA operates a nationwide market news service over leased telephone wires.

The television captioning system was developed by PBS engineers. By selecting a special channel on a closed captioning decoder, anyone within the broadcast coverage area of a participating public television station may receive the market information. The same decoder may be used to receive programs that are closed captioned for the hearing-impaired, broadcast by public and commercial television stations.

Captioning decoders for use with any television receiver may be purchased at a local retailer for under $300, Ford said.

PBS engineers have developed equipment that will receive marketing information by telephone lines at each station, select agricultural information of local interest, encode the information and transmit it as part of the station's regular broadcast signal. The

information will appear on home television screens equipped with captioning decoders. If the five-market test is successful, PBS ultimately may distribute the Farm Market Infodata Service via satellite to public television stations throughout the country.

Ford said the project was undertaken to test the feasibility of providing market news through public television stations.

"Farmers and others who help get our food and fiber to market need the most accurate and up-to-date information they can get to make sound marketing decisions," Ford said. "Using public television stations to distribute this information could get it to more people more rapidly, and help government in its continuing search to reduce the costs of providing needed services."

Grossman said, "The USDA service is an ideal example of the type of new technology projects PBS is committed to aggressively pursuing. It uses public television's expertise and resources to provide a new service to the public, generates sufficient revenue to cover its costs, and has the potential to return additional revenue to public television stations thorough increased corporate and individual contributions made in support of the service."

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29 CHARGED IN HOUSTON FOOD STAMP FRAUD INVESTIGATION

WASHINGTON, Aug. 2—Twenty-nine people, indicted last week by a grand jury in Houston, Texas, face trial for illegally trafficking in food stamps. The indictments culminated a five-month investigation into food stamp fraud in the Houston area, according to John V. Graziano, inspector general of the U.S. Department of Agriculture.

Graziano said agencies participating in the probe were USDA's Office of Inspector General, the Texas Department of Public Safety, the Texas Department of Human Resources, and the Special Theft and Criminal Intelligence Division of the Houston Police Department.

The 29 suspects were charged with purchasing food stamps for cash or with exchanging them for such ineligible items as automobiles, jewelry, television sets, film projectors and erotic films and books.

District Attorney John B. Holmes, Jr. coordinated the arrests of the suspects by federal, state and local law enforcement officers and will be in charge of the state prosecution.

Graziano said the investigation also identified 29 people who furnished false information to fradulently receive food stamps. These people face charges of concealing their employment or a family member's employment with local Veterans Administration hospitals or with the Houston Transit Authority. These cases concerning public employees will be handled by the U.S. Attorney's Office.

Graziano said the penalties for violating the state laws vary from two to ten years in jail and a $5,000 fine, and the penalties for violating the federal food stamp laws vary from one to five years in jail and fines ranging from $500 to $10,000.

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OATS ELIGIBLE FOR ENTRY INTO FARMER-OWNED GRAIN RESERVE

WASHINGTON, Aug. 2—The 1981 and 1982 crops of oats now are eligible for immediate entry into the farmer-owned grain reserve because oat prices have fallen below a previously established level, according to a U.S. Department of Agriculture official.

Everett Rank, administrator of the USDA's Agricultural Stabilization and Conservation Service, said Secretary of Agriculture John R. Block last January authorized entry of 1982 crop feed grains into the reserve when national average market prices were at or below established levels.

Reserve regulations provide that a commodity may be placed in the reserve when the market price is below its reserve trigger release level. That level for oats is $1.65 per bushel, Rank said.

Farmers with 1981 crop oats under Commodity Credit Corporation loan and who place this grain in the reserve are eligible for a 7-cents-per-bushel higher loan rate and an advance 20-cents-per-bushel storage payment, he said.

Producers of 1982 crop oats who place their grain in the reserve are eligible for a 18-cents-per-bushel higher loan as well as the 20-cents storage payment, Rank said.

The CCC national average loan rate for 1981-crop oats is $1.24 per bushel. When this commodity is placed in the reserve, the loan rate is $1.31 per bushel. The 1982 loan rate is $1.31 per bushel and the reserve loan rate is $1.49 per bushel.

The interest rate on CCC loans is the rate applicable to all loans issued by the CCC during the month of disbursement, Rank said.

Presently, there are 2.4 million bushels of 1981-crop oats under CCC loan, Rank said. Since U.S. producers are in the early stage of their 1982 oats harvest, only 37,000 bushels have been placed under CCC loan, to date, he said.

Farmers interested in placing oats under loan or in the reserve should contact their local ASCS office, Rank said.

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CCC LOAN INTEREST RATE INCREASED TO 14 PERCENT

WASHINGTON, Aug. 2—Commodity and farm storage loans disbursed in August by the U.S. Department of Agriculture's Commodity Credit Corporation will carry a 14 percent interest rate, according to CCC Executive Vice President Everett Rank.

The new rate, up from 13.5 percent, reflects the interest rate charged CCC by the U.S. Treasury in August, Rank said.

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USDA ISSUES PRELIMINARY LOAN AND PURCHASE RATE FOR 1982-CROP SOYBEANS

WASHINGTON, Aug. 3—The U.S. Department of Agriculture today issued a $5.02 per bushel preliminary loan and purchase rate for 1982-crop soybeans, the minimum permitted by law.

According to Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service, the loan rate is set by law at 75 percent of the simple average price received by farmers during the past five years, excluding the high and low years. That law also requires USDA to issue a preliminary loan and purchase rate not earlier than 30 days before Sept. 1, the beginning of the soybean marketing year.

Rank said USDA would issue a final 1982 soybean loan and purchase rate no later than Oct. 1, by which time USDA will have final figures on prices received by farmers for the 1981 crop.

Rank said all producers of 1982-crop soybeans will be eligible for loans and purchases since USDA does not require participation in production adjustment programs as a condition of eligibility for soybean farmers.

Soybeans are ineligible for any reserve program or for storage payments, Rank said.

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USDA PROPOSES TO RECLASSIFY CERTAIN CHEMICAL AGENTS

WASHINGTON, Aug. 3—Certain chemicals added to the processing water by meat and poultry processors to prevent staining on the outside of cans would be classified as nonfood compounds rather than food additives under a proposal issued today by the U.S. Department of Agriculture.

Donald L. Houston, administrator of USDA's Food Safety and Inspection Service, said minerals and oxygen present in water sometimes causes staining on cans through chemical reaction. Processors add chemicals to the water to prevent this staining, he said.

"The question of whether or not these water treatment chemicals enter cans during the cooking or cooling process has been widely discussed in the scientific community," Houston said. "However, there is no evidence that chemical agents in the water actually become components of food. Therefore, we are presently considering proposals to allow additional agents not having food additive clearance to be added to water used to process canned meat and poultry products."

Houston also said the Food and Drug Administration does not consider these agents to be food additives and today's proposal, if approved, would reconcile regulatory differences between FDA and USDA. Under the federal meat and poultry inspection laws, all compounds added to or used in processing of meat and poultry products must be approved by USDA.

A notice of today's proposal is scheduled to be published in the Aug. 3 Federal Register, available at many public libraries. Comments should be sent by Oct. 4 to: Annie Johnson, Regulations Coordination Division, Room 2637-S, FSIS, USDA, Washington, D.C. 20250.

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USDA ADOPTS PROPOSED CHANGES IN PACKERS AND STOCKYARDS RULES

WASHINGTON, Aug. 3—The U.S. Department of Agriculture has adopted several changes in bonding and custodial account rules in the marketing of livestock and has removed a policy statement regarding meat packer sales promotion programs. The changes will become effective Aug. 28.

B. H. Jones, administrator of USDA's Packers and Stockyards Administration, said the changes are designed to reduce the regulatory burden for those involved in the marketing of livestock, poultry and meat.

"These changes will reduce paperwork and other costs of doing business for those in the regulated industries without harming producers and consignors," Jones said.

The changes, proposed in February, were favored by a majority of the 28 persons or organizations who submitted comments.

A proposal to exempt small-volume livestock dealers and order buyers from having to file a minimum $10,000 bond was not adopted.

A significant number of those submitting comments said the small volume operators pose the greatest threat of financial loss to the industry and should not be exempted from the bonding requirement.

Nine of 12 comments supported the proposal to remove the sales promotion programs of meat packer. Two said removal of the sales

promotion policy statement will return the meat and poultry industries to competitive parity with other sectors of the food industry which supply high protein products.

Three comments opposed the removal, saying the policy statement is beneficial in providing a standard of ethics for large packers and discourages underground crime from entering the meat marketing system.

Jones said USDA will still proceed against promotion programs which adversely affect competition on a case-by-case basis.

USDA also adopted a proposal to extend the time for market agencies to reimburse their custodial account, and other to permit market agencies to place custodial account funds in interest bearing savings accounts.

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USDA REDUCES MEDFLY QUARANTINE ZONE IN CALIFORNIA

WASHINGTON, Aug. 5—The U.S. Department of Agriculture will reduce the mediterranean fruit fly quarantine zone in California by 323 square miles—about 1-1/3— on Aug. 6.

The remaining 620 square miles will be the smallest area under USDA Medfly regulations since June 1981. At the height of the Medfly eradication effort in September 1981, there were 3,935 square miles in seven California counties under quarantine.

Glen Lee, a plant protection official with USDA's Animal and Plant Health Inspection Service, said the 323 square miles that are not to be removed from quarantine include all the previously regulated parts of Santa Cruz County and adjacent part of Santa Clara County.

"We have had intensive trapping in these areas, but no Medfly has been found since Oct. 29, 1981," Lee said. "Fruits and Vegetables may now move out of the released areas without restrictions."

Lee said the area remaining under quarantine includes all of San Mateo County, adjacent parts of Santa Clara County and an isolated area near Stockton in San Joaquin.

Notice of the new quarantine boundaries is scheduled for publication in the Aug. 6 Federal Register. Public comments maybe submitted to Thomas Lanier, regulatory services staff, plant protection and quarantine, APHIS, USDA, Rm. 643 Federal Building, 6505 Belcrest Rd., Hyattsville, Md. 20782.

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CAUTION URGED WHEN MARKETING YOUR GRAIN

WASHINGTON, Aug. 5—Five farmers raise good crops and truck their grain to the same storage elevator near a small town in the Midwest.

At a glance, there appears to be little reason for the farmers to believe the elevator is not a reputable business. After all, the U.S. Department of Agriculture's Commodity Credit Croporation had approved the elevator for grain handling and storage.

Perhaps all five farmers have dealt with this elevator many times.

"Most of the time, this reasoning is sound," said Joseph R. Corley, agricultural economist with USDA's Extension Service.

"During 1980 and 1981, only 26 grain elevators declared bankruptcy," he said. "That's not many when you consider that thousands of elevators dot the nation's rural landscape. But hundreds of farmers and millions of dollars worth of grain were involved."

What if three months after the farmers deliver the grain to the elevator, a federal marshal impounds the elevator and the contents after the elevator's owner files for bankruptcy?

What are the legal rights of the farmers?

"All five of the farmers don't necessarily have identical rights. Their status depends on the precautions each took at the time they delivered grain to the elevator," said Corley.

To illustrate, say the farmers had taken actions as follows:

— Farmer One does not sell the grain but stores it in the elevator. He asked for and got a warehouse receipt, thinking it might be necessary to prove ownership of the grain. If the farmer were to need a loan to buy seed and fertilizer for the next planting, the warehouse receipt could be used as collateral.

— Farmer Two also stored the grain but was satisfied with a scale ticket, which says only that the grain was delivered to the elevator. It

does not say who owns the grain or why the grain was delivered. This ticket won't serve as collateral for a loan.

— Farmer Three delivered his grain for sale and delayed pricing without a contract. This farmer did not demand payment, choosing rather to use the elevator as a bank.

— Farmer Four delivered, priced and sold the grain with a verbal understanding that payment would not be made until next year, a practice commonly known as "deferred payment."

— Farmer Five delivered and sold the grain with the verbal understanding that a set price would be paid at a future date. This is called "delayed pricing."

Now that the elevator holding the grain from these farmers has gone bankrupt, how will each fare?

The answer will go something like this:

Farmer One can use the valid warehouse receipt to prove ownership of the grain and will be able to take possession of it again or have a claim against the bond.

Farmer Two, with only a scale ticket, may not be able to prove ownership of the grain and may have to wait with unsecured creditors for a share of the proceeds after the remaining elevator assets are sold.

Farmers Three, Four and Five, who delayed payment for their grain and have no written contracts with the elevator operator, may not be able to support their claims. In most states, these farmers are no more than unsecured creditors. Even a written contract will help only to support their claim against the assets of the elevator. They cannot claim the grain in storage.

Why do grain elevators go bankrupt?

"Grain elevators," said Corley, "are similar to other businesses. Most are financially sound, well-managed and operate efficiently. A few may not be so efficient, and adverse economic conditions can cause some to go broke through no fault of their own. Others may suffer from just plain poor management."

When choosing an elevator to store your grain, suggests Corley, be sure to make inquiries about the prospective grain buyer or warehouse operator. If the answer is "yes" to any of these questions, consider looking for another elevator:

1. Does the firm consistently offer prices higher than other buyers in your area without a valid reason for doing so. Some may do this occasionally to increase their volume, increase cash-flow and operating money or to cover commitments already made for the grain?

2. Does the firm offer economic incentives not usually offered in the purchase of grain—such as little or no discount for high damage, dockage or moisture?

3. Does the firm have a history of slow payment, issuing bad checks or recurring financial problems?

4. Does the firm ask you to hold a check a few days before depositing it or until the grain is received?

5. Does the firm urge you to leave your grain money on deposit, even promising interest?

6. Does the firm give you an oral promise instead of a written contract?

7. Does the firm try to persuade you not to ask for your stored grain or to get your warehouse receipt without paying for it?

You cannot protect yourself completely from elevator bankruptcies, but you can minimize the risks, says Corley. Here's how:

1. Know to whom you sell. Learn all about the buyer. Is it a well established business. Is it well financed. Is it a fixed facility. Can you reach the operator at a place of business. What does your bank think of the firm?

2. Where licensing laws are in effect, deal only with state and federally licensed and bonded elevators and warehouse operators. Know the laws that protect you. Report dissatisfactions promptly. When in doubt, inquire.

3. Demand accurate weights and grade. Settle for a fair price. Don't be greedy—the market will bear only so much. Don't ask a dealer to do something for you that you wouldn't want him to do for others.

4. Demand payment for sale grain when due and cash your checks promptly.

5. Don't risk crop after crop. Never let your contracts or moneys due extend beyond one year.

6. Request written documents for all transactions. Read thoroughly. If you don't understand, ask for clarification.

7. Understand the risks associated with delayed pricing and deferred crop payment contracts. Remember that you are extending credit and you lose title to your grain. You do not have the same rights as storage depositors.

8. When there is any doubt about delayed pricing or deferred crop payment contracts or about getting paid, look for another buyer.

9. Insist on a valid warehouse receipt. Do not rely on a scale ticket alone. The value of a warehouse receipt over a scale ticket cannot be overemphasized. This receipt is a written storage contract that defines the rights and responsibilities of the parties involved and is an indicator of sound business practice. It helps protect you when an elevator goes bankrupt.

10. Do business only with a licensed and bonded warehouse. Laws require that warehouses meet certain standards and undergo periodic examinations. Most states require elevators that store grain for the public to be licensed and bonded.

11. If you sell grain to a buyer or warehouse operator, you are extending credit to the buyer. Ask yourself whether you would loan the buyer a like amount of cash without security.

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USDA ANNOUNCES CHANGES IN U.S. SUGAR IMPORT QUOTA SYSTEM

WASHINGTON, Aug. 5—The U.S. Department of Agriculture today announced changes in the U.S. sugar import quota system designed to improve the administration of quotas, facilitate access to the U.S. market and help meet U.S. international trade obligations.

Secretary of Agriculture John R. Block said the changes provide that USDA shift from quarterly to annual quotas, establish a "certificate of eligibility" system and modify quota allocation provisions, including those covering the "basket" category of "other specified countries and areas."

The certificate system will become effective Aug. 11 when it is scheduled to appear in the Federal Register; the other changes become effective with the new quota period beginning Oct. 1.

Under the certificate of eligibility system, USDA will issue certificates to foreign countries which have sugar import quotas. Each country, in turn, will issue these certificates to consignees or shippers of sugar to the United States. Sugar from a country participating in the certificate system would not be permitted to enter the United States for consumption or be withdrawn from a U.S. warehouse for consumption without an accompanying certificate.

He said participation in the certificate system is optional but that most foreign countries have asked for such a system.

He said safeguards are built into the system to prevent misuse of certificates. For example, USDA could set conditions or limitations on certificate use. Secondly, he said, cooperative agreements or arrangements with foreign countries to develop an effective system for monitoring and operating the certificate system will be established.

The modified allocation provisions will remove certain countries from the "other specified countries and areas" category and assign them a specific quota percentage calculated on the same basis as for other countries in the allocation table.

Non-members of the International Sugar Agreement have been deleted from the list, while the Ivory Coast—an exporting ISA member—has been added.

Block said the provisions governing those countries remaining in the "basket" category also hve been changed to give these countries specific quota amounts. Under today's change, each of these countries will receive a quota allocation equal to the country's pro rata share of the entire quota allocation for the "basket" category, or 16,500 short tons, whichever is greater. Block said 16,500 tons is about the minimum that can be shipped to the United States economically from the most distant shipping countries.

The change from a quarterly to an annual quota will facilitate access for U.S. trading partners by providing greater flexibility in shipping schedules and the size of shipments, Block said.

Details of today's changes are scheduled to appear in the Aug. 11 Federal Register.

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DONALD NAMED CHAIRMAN OF WORLD AGRICULTURAL OUTLOOK BOARD

WASHINGTON, Aug. 6—James R. Donald, a 25-year career agricultural economist of the U.S. Department of Agriculture, today was named chairman of the World Agricultural Outlook Board by Secretary of Agriculture John R. Block.

In naming Donald, Block said, "The experience and dedication of this career agricultural economist make him the ideal choice for the new chairman of the World Board."

Donald succeeds Terry N. Barr, who was named director of the new Economic Analysis Staff in USDA today.

The World Board serves as the focal point for the nation's outlook on domestic and international agriculture. By coordinating and assuring the accuracy, timeliness and objectivity of USDA's agricultural outlook and situation analysis, the board ensures that critical commodity intelligence quickly reaches U.S. farmers, policymakers and the public, Block said.

Donald, 48, has served as deputy chairman of the board since January and previously was the agency's review officer. He has been deputy outlook and situation officer of the Economic Research Service and vice chairman of USDA's Outlook and Situation Board when that board was part of the Economic Research Service. His years in government service primarily focused on commodity research and outlook.

A native of Omega, Ga., Donald earned his bachelor's degree from the University of Georgia and his master's degree in agricultural economics from North Carolina State University. He continued postgraduate study at Michigan State University.

He is a member of the American Agricultural Economics Association.

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BARR NAMED TO HEAD USDA'S ECONOMIC ANALYSIS STAFF

WASHINGTON, Aug. 6—Secretary of Agriculture John R. Block today named Terry N. Barr, 37, as director of the newly-created Economic Analysis Staff in the U.S. Department of Agriculture.

"Barr brings strong analytical skills and a wide range of experience to this new post," Block said. "He will report to and assist USDA Assistant Secretary for Economics William G. Lesher in wide-ranging economic policy review and appraisal. A key role will be analysis of the economic implications of significant agricultural issues including major legislative and regulatory proposals."

Five senior economists with expertise in the major areas of USDA responsibility will comprise the Economic Analysis Staff. They will provide an economic review of issues with impact on the food and fiber sector. The other four economists have not yet been selected.

Barr, a native of Tieton, Wash., has been acting chairman of USDA's World Agricultural Outlook Board since early 1981. Previously, he served as the board's first deputy chairman. He joined USDA as an economist in 1971 after graduation from Washington State University with a doctorate in economics.

He worked first for USDA's Economic Research Service on aggregate demand analysis, and later directed a research and information program on the role of agriculture and related industries in the domestic and international economy. With the board, he coordinated development of USDA estimates on U.S. and global agricultural developments and their impact on the economic outlook.

Barr is a member of the American Agricultural Economics Assocation and the National Business Economic Issues Council.

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